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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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| In re | : | Chapter 11 |
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| DELPHI CORPORATION, <u>et al.</u> , | : | Case No. 05-44481 (RDD) |
| | : | |
| Debtors. | : | (Jointly Administered) |
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DECLARATION OF ROBERT H. SPARKS IN SUPPORT OF
MOTION FOR ORDER UNDER 11 U.S.C. § 363 AND FED. R. BANKR.
P. 2002, 6004, AND 9013 AUTHORIZING DEBTORS TO TRANSFER
SHARES AND MERGE CERTAIN WHOLLY-OWNED, NON-
DEBTOR SUBSIDIARIES

I, Robert H. Sparks, declare that the following is true to the best of my knowledge, information, and belief:

1. I am the General Tax Counsel - International for Delphi Corporation ("Delphi"), debtor and debtor-in-possession in the above-captioned chapter 11 cases. I am familiar with the Debtors' international operations since I am responsible for overseeing the direct and indirect tax affairs of Delphi's subsidiaries outside of the United States. I have held this position in Delphi since 1999.

2. I submit this declaration in support of the motion for an order under 11 U.S.C. § 363 And 365 Authorizing Debtors To Transfer Shares And Merge Certain Indirect, Wholly-Owned, Non-Debtor Subsidiaries (the "Motion"). Pursuant to the Motion, the Debtors seek entry of an order to (a) transfer the shares of its direct wholly-owned, non-Debtor subsidiary Delphi Automotive Systems Holding GmbH ("DAS Holding") to another indirectly wholly-owned, non-Debtor subsidiary Delphi Holding GmbH ("Delphi Holding"), and (b) to merge DAS Holding into Delphi Holding (together, the "Transaction").

3. The Transaction will allow the Debtors to eliminate an unnecessary legal entity in Austria, provide for tax consolidation of Delphi's Austrian operations to make them more tax efficient, and create a more tax efficient structure for future dividend repatriations to the Debtors.

The Current Structure

4. The Debtor DASHI currently has two indirect, wholly-owned, non-Debtor operating subsidiaries in Austria: Delphi Packard Austria GmbH & Co KG ("Packard Austria") and Delphi Automotive System Vienna GmbH ("DAS Vienna"). The first operating company is DAS Vienna, which is owned by DAS Holding. DAS

Holding is owned directly by DASHI, a Debtor incorporated in the state of Delaware. Packard Austria is the second operating company, which is owned by Delphi Holding. Delphi Holding in turn is owned by Delphi Holdings Luxembourg Sarl (Luxembourg), which is wholly-owned by Delphi International Holdings Corporation Luxembourg SCS (Luxembourg) ("Delphi Holdings Luxembourg"). These entities are not Debtors in the chapter 11 cases. Delphi Holdings Luxembourg is directly owned by DASHI.

5. The current corporate structure is inefficient from a tax perspective. Having two Austrian operating companies (Packard Austria and Delphi Vienna) owned by separate holding companies that are owned by separate non-Austrian entities prevents the two operating companies from entering into a tax consolidation in Austria. A tax consolidation would permit potential losses generated by either DAS Vienna or Packard Austria in the future to offset the taxable income of the other.

B. The Proposed Transaction

6. Under the proposed Transaction, the Debtors seek to simplify their corporate structure in Austria and achieve tax efficiencies through the consolidation reflected in the proposed Transaction. To do so, the Debtors seek to modify the ownership of operating entities to align those operating entities under a single Austrian holding company. In connection with the proposed Transaction:

- (a) DASHI will transfer all of its shares of DAS Holding to Delphi Holding for €1.00 prior to December 31, 2005, and
- (b) DAS Holding will be merged into Delphi Holding prior to June 30, 2006.

7. The Transaction will not affect the operating subsidiaries. Separate accounting, trial balances, and financial reporting will remain in place for Delphi Vienna and Packard Austria. The only change is that Delphi Vienna will move

from its position as a direct subsidiary of DAS Holding to a direct subsidiary of Delphi Holding. Delphi Vienna will remain, however, an indirect wholly-owned subsidiary of the Debtor DASHI. In addition, although there will be additional holding companies between Delphi Vienna and DASHI, the value of the shares in the intermediary holding company owned by DASHI should be enhanced by the value of DAS Holding shares transferred to it.

8. I declare, under penalty of perjury, that the foregoing is true and correct.

Executed on November 23, 2005.

s/ Robert H. Sparks
ROBERT H. SPARKS